

the State shall be determined under rules and regulations prescribed by the Commissioner of Revenue.

Time within which items allowable as deductions must be paid.

12. In computing net income no deduction shall be allowed under this section relating to salaries, wages, or other expenses, rentals or other similar payments, interest or taxes, if (1) the same are not actually paid within the taxable year or within two and one-half ($2\frac{1}{2}$) months after the close thereof; and (2) if, by reason of the method of accounting of the person or corporation to whom the payment is to be made, the amount thereof is not, unless actually paid, includible in the gross income of such person or corporation for the taxable year in which or with which the taxable year of the taxpayer ends.

Items not deductible.

SEC. 323. *Items not deductible.*

In computing net income no deduction shall in any case be allowed in respect of:

Living expenses.

(a) Personal, living, or family expenses.

Betterments.

(b) Any amount paid out for new buildings or for permanent improvements or betterments, made to increase the value of any property or estate.

Life insurance premiums.

(c) Premiums paid on any life insurance policy.

Gifts of corporations.

(d) Contributions or gifts made by corporations.

Income, etc.

(e) Income, excess profits and gift taxes, including Federal tax or undistributed earnings.

Social Security and unemployment tax.

(f) Social Security and unemployment tax paid by employee.

Contributions to individuals.

(g) Contributions to individuals.

Commutation expenses.

(h) Commutation expenses.

Exemptions:

SEC. 324. *Exemptions.*

1. There shall be deducted from the net income the following exemptions:

Single individual, \$1,000.

(a) In the case of a single individual, a personal exemption of one thousand dollars (\$1,000.00).

Married man or household head, or person incapable of self support, \$2,000.

(b) In the case of a married man with a wife living with him, two thousand dollars (\$2,000.00), or in the case of a person who is the head of a household and maintains the same and therein supports one or more dependent relatives, under eighteen years of age or is incapable of self-support because mentally or physically defective, two thousand dollars (\$2,000.00).

Married woman with separate income, \$1,000.

(c) A married woman having a separate and independent income, one thousand dollars (\$1,000.00).